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SUBJECT: ENERGY SAVING LIGHT BULBS, NOT SUCH A BRIGHT IDEA

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11. (SBU) Summary. In April President Rahmon signed a decree obligating all residential and commercial entities in Tajikistan to begin switching to energy-saving lightbulbs by May 1. The President said the change from incandescent lighting would save millions of kilowatt-hours of electricity annually. Energy experts find the claims highly exaggerated. New Chinese-made energy-saving bulbs, mountains of which are for sale in Dushanbe's markets, cost between \$1.50 and \$4.50, compared to \$0.25 to \$0.50 for incandescent bulbs. One of the biggest importers of these new bulbs is rumored to be a Presidential daughter. According to Embassy sources, she imports truckloads of bulbs and other goods from China, circumventing customs officials at the border. The switch to energy-savings bulbs may be another example of an apparently progressive regulation in fact designed to benefit the President's inner circle. End summary.

President Commands: Let There Be (Energy-Saving) Light

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12. (U) On April 24, 2009 President Rahmon signed decree #653 "on additional measures on economical use of energy and energy saving," which dictates that from May 1, 2009, all residences and commercial entities in Tajikistan must begin using energy saving light bulbs. The decree stipulates that by the end of 2009 all incandescent bulbs must be changed to the new energy saving models. The new bulbs, at \$1.50-4.50 versus \$0.25-0.50 for incandescent bulbs are a significant cost to Tajik households, whose incomes average less than \$200 per month. The government announced that it would provide free lightbulbs to 241,000 poor families by October to help them fulfill the decree. (Note: According to the World Bank, 53% of Tajikistan's population of roughly 7 million lives under the poverty level. End note.) The President also ordered that two new plants be set up by 2011 to manufacture energy-saving bulbs.

Tajikistan's Energy Woes

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13. (U) The President has said the introduction of the new bulbs would save millions of kilowatt-hours of electricity per year. Officials at the state electrical company Barki Tojik have gone further, saying the measures will save as much as 3 billion kWh.

While this claim is wildly overblown, the need for better energy policy and improved efficiency in Tajikistan is indisputable. Tajikistan has the potential to produce more than 300 billion kilowatt-hours (kWh) of electricity per year, mainly through hydropower, but currently produces only 16.5 billion kWh annually -- i.e., only 5.5% of its potential. The biggest energy problem the country faces is the cyclical nature of its hydropower generation. During the winter months low water levels mean that far less power can be generated. During Soviet times the winter deficit was supplemented with power from neighboring regions. Since independence, and as a result of poor regional relations, most regions of Tajikistan face severe rationing, receiving only an hour or two of electricity per day in the winter.

¶4. (U) Energy wastage and other inefficiencies are significant problems in Tajikistan. Most of the country's electrical grid was built a half-century ago, when efficiency was a lower priority, and there have been few renovations since. In addition to technical losses, corruption and outright theft at all levels are significant problems. Barki Tojik estimates that the country loses some 30% of its annual output due to various problems. International financial institutions and energy experts argue that wastage is exacerbated by pricing policies that do not make consumers value energy. The cost of electricity in Tajikistan, averaging about 1.8 cents per kWh, is among the cheapest in the world and is well under production costs. At the recommendation of the World Bank, the Tajik Government plans to increase average tariffs to 2.5 cents per kWh by 2010, still very low compared to other countries in the region and around the globe.

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¶5. (SBU) Even if residential rates are raised, it will not have much effect on overall energy consumption and availability until authorities tackle industrial use. Tajikistan's largest industrial energy consumer, the TALCO aluminum plant, uses as much as 60% of the country's total production, but pays only 1.09 cents per kWh at today's exchange rates. Since most of TALCO's profits go to off-shore companies rumored to have close connections to President Rahmon, it is unclear if the government will find the resolve to raise energy rates for TALCO.

#### The Darker Side of the President's Light Policy

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¶6. (SBU) According to several Embassy contacts in the business community, the largest supplier of energy saving lightbulbs to Tajikistan is affiliated with one of the President's daughters, Tahmina Emomali. According to one contact, a particularly large shipment of lightbulbs from China reached Tajikistan right around the time of the President's decree. An Embassy customs service contact refused to comment on the shipment, only smiling and saying it was too provocative to ask such questions. But there is other anecdotal evidence from customs officials that Emomali regularly brings shipments from China to Tajikistan, which are hastened through the border crossing without being examined by customs agents or assessed import tariffs. Rahmon has directed the Tajik customs service to report on the number of energy-saving lightbulbs imported into Tajikistan -- a move, some suggest, designed to keep tabs on his daughter's competition.

¶7. (U) The sudden changeover from incandescent bulbs has

instantly created a new multi-million dollar market in Tajikistan. Chinese-made energy-saving bulbs cost between \$1.50 and \$4.50, depending on the model and manufacturer. With over one million private energy consumers and over 30,000 industrial consumers, the Embassy estimates that the total market for the new bulbs is as high as \$30 million. With prices averaging between \$0.25 and \$0.50 per bulb, incandescent bulbs earned much less. According to media reports, the Tajik government received a proposal from the Chinese firm Opplé to build two energy-saving lightbulb plants in Tajikistan. The company claims that it already exports Chinese-made bulbs to 80 countries. Opplé officials reportedly have examined two potential locations, including a former bulb factory in the northern city of Isfara and a site in the President's hometown of Dangara. No further actions have been taken.

#### Safety Concerns

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18. (U) Many Tajiks are concerned that Chinese-made energy saving light bulbs pose a health risk because they contain mercury. Government agencies, including the inspection agency TojikGosstandart, say the bulbs pose no risk, because the level of mercury is too low to have any effect on the human body. But an independent researcher in the northern city of Chkalovsk, Viktor Lyadskiy, said that because the Chinese bulbs have a very short lifespan, even small amounts of mercury can accumulate to form toxic levels. Unless the mercury is stored deep underground, it may indeed pose a threat to humans. Lyadskiy has accused Tajik authorities of failing to check the quality of imported bulbs and of neglecting important health and safety issues.

19. (SBU) Comment. While few argue against the importance of energy conservation, the President's sudden, sweeping war on incandescence have led many to suspect an ulterior motive. It is difficult to distinguish facts from rumors in the shadowy world of Tajik business, but the contention that the President's daughter benefits from his recent decree is entirely believable. Promoting energy-saving technology is a good idea. If the government is serious about relieving some of Tajikistan's perennial energy problems, however, it will work to create a more rational pricing policy for residential consumers and TALCO alike, while promoting small-scale alternative energy production

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that would lessen the load on the state's hydropower resources. Otherwise the energy-saving bulb decree looks like just another way to line the pockets of the President's inner circle at the expense of financially stressed Tajik households.

End comment.  
JACOBSON